

To the Honorable Council
City of Norfolk, Virginia

March 18, 2014

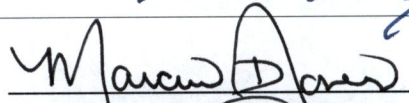
From: Steven Anderson, Director of Development

Subject: Ocean View Properties, Inc.

Reviewed: Ronald H. Williams, Jr, Assistant City
Manager

Ward/Superward: Ward 5/
Superward 7

Approved:



Marcus D. Jones, City Manager

Item Number: PH-4

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** Ocean View Properties, Inc.
719 E. Ocean View Avenue

III. **Description**

An ordinance approving a land disposition and development contract with Ocean View Properties, Inc. for two parcels of land consisting of a total of 5.737 acres, more or less, and located at 719 E. Ocean View Avenue.

IV. **Analysis**

- Parcels include the former Ramada Inn site and Senior Center in Ocean View.
- Apartment style gated development– 250-280 units minimum and 20,000 square feet of retail space, provides quality, affordable housing in Ocean View and additional support for existing and future commercial development in the area.
- Estimated \$450,000 in annual tax revenues.
- Project is consistent with PlanNorfolk2030 objectives.

V. **Financial Impact**

The sale of this property would place it back on the tax rolls and provide quality, affordable housing in Ocean View. The sales price is \$3.0 million.

VI. **Environmental**

N/A

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This letter has been coordinated with the Department of Development, City Attorney's Office and the City Manager's office.

mr2/19/14

Form and Correctness Approval

Contents Approved:

By

Office of the City Attorney

NORFOLK, VIRGINIA

By

DEPT.

ORDINANCE No.

AN ORDINANCE APPROVING A LAND DISPOSITION AND DEVELOPMENT CONTRACT WITH OCEAN VIEW PROPERTIES, INC. FOR TWO PARCELS OF LAND CONSISTING OF A TOTAL OF 5.737 ACRES, MORE OR LESS, AND LOCATED AT 719 E. OCEAN VIEW AVENUE.

- - -

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the terms and provisions of the Land Disposition and Development Contract (the "Contract") between the City of Norfolk, as seller, and Ocean View Properties, Inc. ("OV Properties"), as purchaser, a copy of which is attached hereto, under which the City of Norfolk agrees to sell to OV Properties those certain parcels of land consisting of 5.737 acres, more or less, and located at 719 E. Ocean View Avenue, as described and as shown on Exhibits A1 and A2 of the Contract, and OV Properties agrees to construct on the property approximately 250-280 residential apartment units and approximately 20,000 square feet of commercial space, upon the terms and conditions set forth therein, are hereby approved.

Section 2:- That the City Manager is authorized to execute the Contract for and on behalf of the City.

Section 3:- That this ordinance shall be in effect from and after thirty days from the date of its adoption.

LAND DISPOSITION AND DEVELOPMENT CONTRACT

BY AND AMONG

THE CITY OF NORFOLK, VIRGINIA

AND

OCEAN VIEW PROPERTIES, INC.

Article I	-	DEFINITIONS OF TERMS.	#
Article II	-	AGREEMENT TO CONVEY AND DEVELOP PROPERTY	#
Article III	-	CLOSING AND PURCHASE PRICE.	#
Article IV	-	ADDITIONAL COVENANTS	#
Article V	-	TERM	#
Article VI	-	PROGRESS REPORTS.	#
Article VII	-	MODIFICATIONS FOR LENDER	#
Article VIII	-	ADDITIONAL OBLIGATIONS OF CITY.	#
Article IX	-	EVENTS OF DEFAULT AND REMEDIES	#
Article X	-	ASSIGNMENT LIMITATIONS	#
Article XI	-	MISCELLANEOUS	#
Exhibit "A1"	-	LEGAL DESCRIPTION OF THE "PROPERTY"	
Exhibit "A2"	-	PLAT	
Exhibit "B"	-	DEVELOPER'S PROPOSAL	
Exhibit "C"	-	PHASED DEVELOPMENT CONSTRUCTION SCHEDULE	

LAND DISPOSITION AND DEVELOPMENT CONTRACT

THIS LAND DISPOSITION AND DEVELOPMENT CONTRACT ("Contract"), is made this ____ day of _____, 2014, by and between the CITY OF NORFOLK, VIRGINIA ("City"), a municipal corporation of the Commonwealth of Virginia, and OCEAN VIEW PROPERTIES INC, a Virginia corporation ("Developer"). The parties to this Contract may be referred to herein collectively as the "Parties" or individually as the "Party".

RECITALS:

A. Under the leadership of the City Council of the City of Norfolk, the City has embarked on a plan to maintain, retain, improve and expand residential developments in the City, to cooperate in projects that increase both temporary construction and permanent jobs in the City, and to provide catalysts for neighborhood stability, which enhances quality of life in the City.

B. The City desires to see a project of specific size, high quality design, and quality materials constructed by private developers on those certain parcels of real property owned by the City and consisting of a total of approximately 5.737 acres, more or less, including all buildings, structures and improvements thereon (the "Property"), which parcels are more fully described in Exhibit "A1" attached hereto and made a part hereof and shown on the plat attached hereto as Exhibit "A2".

C. Negotiations by the Parties have produced this agreement for the Developer to arrange on the Property the construction, furnishing and equipping of multi-story mixed use buildings, including 250-280 residential units and approximately 20,000 square feet of commercial space, with parking facilities (the "Project"). The Project is described in detail in Developer's Proposal, as hereinafter defined, a copy of which is attached hereto as Exhibit "B". In the event

of a conflict between the terms of this Agreement and the terms of the Developer's Proposal, the terms of this Agreement shall govern.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants herein contained, the Deposit which has been received by City and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS OF TERMS

When used in this Contract with an initial capital letter or letters, each of the following terms shall have the meaning set forth below.

(a) "Affiliate" of Developer means any legal entity, which controls, is controlled by, or is under common control with another entity with the Developer.

(b) "City" means the City of Norfolk.

(c) "Substantially Complete" or "Substantial Completion" means, with respect to the Project, the date when the construction of the building (s) is sufficiently completed so as to permit use of the building(s) for the purposes for which it was intended and a certificate of occupancy has been issued for all the component uses, which date may precede the full completion of all punch-list items, landscaping and similar design and development functions.

(d) "Contractors" means the general contractors and subcontractors for construction of the Project.

(e) "Deposit" means the sum of Five Thousand and 00/100 Dollars (\$5,000.00) to be paid by Developer to City at the time of execution of this Contract.

(f) "Developer's Proposal" means Developer's unsolicited proposal to the City regarding the Project, such proposal, as amended, having been accepted by the City.

(g) "Development Budget and Timeline" means a budget and timeline, prepared by Developer and approved by the City pursuant to Section 2.10 hereof, for development of the Project on such schedule as is reasonably required to achieve the Construction Completion Deadline, as hereinafter defined, set forth in Section 2.10 hereof.

(h) "Due Diligence Period" means the one hundred eighty (180) day period more fully described in Section 2.1.

(i) "Financing Commitment" means a commitment or commitments reasonably satisfactory to the City, which has or have been accepted by Developer from one or more equity investors or institutional lenders who are approved by the City, to finance the construction of the Project. In order to constitute a Financing Commitment under this definition, a commitment must be duly authorized by the issuer, and must be in substantially the same form and level of detail typically utilized by a prospective lender or investor in similar transactions, including requirements for Closing, as hereinafter defined, and conditions thereof; and, in the case of loan commitments, setting forth the proposed principal amount, interest rate, amortization terms, collateral or guaranty requirements, maturity date, improvements to be constructed, and the expiration date of the commitment.

(j) "Outside Closing Date" means the date that is one (1) year after the date of full execution of this Contract by the parties hereto.

(k) "Purchase Price" means the sum of Three Million and 00/100 Dollars (\$3,000,000.00).

(l) "Unavoidable Delay" means a delay due to war, riots, civil commotion, strikes, labor disputes, embargoes, natural disaster, Acts of God or any other cause or contingency similarly beyond the control of the Parties or the Contractors.

ARTICLE II
AGREEMENT TO CONVEY AND DEVELOP PROPERTY

Section 2.1. “As Is”, Development, Design and Construction of Project.

The City will convey Property to Developer by special warranty deed which shall be good and marketable and free of any liens, encumbrances, or other title defects which would prohibit or impair the use of the Property for the purposes contemplated by this Contract. Within sixty (60) days after the date of this Contract, Developer, at its expense, shall obtain a commitment for title insurance on the Property. Developer shall provide a copy of such title report/commitment to the City along with any objections thereto within fifteen (15) business days after Developer's receipt of such report/commitment. The City shall have a reasonable time to cure any title defects which are not acceptable to Developer and/or its lender. The foregoing notwithstanding, the City shall have the option of declining to cure any defect by providing written notice thereof to Developer within sixty (60) days after receipt of written notice of such defect and a copy of Developer's title commitment, and, if the City does decline to cure any defect or does not cure any defect that it has agreed to cure, the Developer shall have the right to terminate this Contract at any time prior to the expiration of the Due Diligence Period and to receive the return of the Deposit as its exclusive remedy for termination of this Contract and any related claim. Developer will accept the Property from the City, subject to the terms and conditions hereinafter set forth. Except as expressly set forth in this Contract, Developer is accepting the use and conveyance of the Property "as is." Developer shall have one hundred eighty (180) days after the date of execution of this Contract to obtain the necessary information, assessments, studies, and the like which are necessary to determine if Developer wants to proceed with construction of the Project and to exercise its rights of entry under Section 4.1 hereof (the "Due Diligence Period"). In the event Developer determines the Property is unsuitable for constructing the Project, its sole remedy shall

be return of its Deposit and termination of this Contract, which termination may be effected by giving written notice thereof to the City in accordance with the terms hereof prior to the end of the Due Diligence Period. Each Party shall be responsible for its costs of closing. Title to the Property will not be conveyed before the Developer closes on the financing for the construction of the Project and the terms and the source of the financing are acceptable to the City. Developer shall be responsible for any demolition.

The City shall not be obligated to any extent under this Contract until City Council has approved this Contract, any necessary notices, advertisements and/or hearings have been held and an ordinance has been adopted approving this Contract.

Section 2.2. Restrictive Covenants.

The restrictive covenants contained in this Section 2.2 ("Restrictive Covenants") are intended and designed to operate as covenants binding upon Developer and its Affiliates and their successors and assigns. The Restrictive Covenants are intended for the benefit of the Property provided that only the City and any successor or assignee of the City that is a local governmental agency and the United States of America, with respect to Subsection 2.2(d), shall have the right, power and authority to enforce the Restrictive Covenants; and provided, further, that the City shall have the right, power and authority (without the necessity of obtaining the consent of Developer) to waive compliance by Developer with any of the Restrictive Covenants whenever it makes a determination, in its reasonable discretion, that such non-compliance or default does not materially interfere with the objectives of the City with regard to development. In addition to, but not in lieu of, any other right or remedy for breach of any one or more of the Restrictive Covenants, the City shall be entitled to seek injunctive relief, without necessarily showing monetary or special damages and without posting bond or security for a bond for the award of a permanent injunction. The

violation of any of the foregoing covenants, and the exercise of any right or remedy for breach of any of such covenants, shall not destroy, impair or otherwise affect the lien of any recorded instrument given by Developer to secure repayment of a loan or loans made for the purpose of providing funds for improving the Property. The Parties recognize that the development and operation of the Property in a manner which is in the best interest of both Parties may from time to time require the confirmation, clarification, amplification or elaboration of the Restrictive Covenants in order to deal adequately with circumstances, which may not now be foreseen or anticipated by the Parties. The Parties, therefore, reserve unto themselves the right to enter into such interpretive, implementing, amendatory or confirmatory agreements from time to time as they may deem necessary or desirable for any such purpose without obtaining the consent or approval of any person not a party to this Contract, except as may be expressly otherwise provided in this Contract.

The City has determined, in the exercise of its legislatively delegated discretion, that in order to carry out the objective of maintaining, retaining, improving and expanding existing development, and to set a prevailing high standard in aesthetics, public policy is best served by the imposition of conditions and restrictions upon the improvement, use, and maintenance of vacant land which is intended for development by private enterprise. To that end, it is hereby specified that, as part of the consideration for this transaction, the use of the Property to be conveyed is expressly subject to the following covenants, restrictions, limitations and conditions, which are to be imposed as covenants running with and binding upon the aforesaid Property and Project:

(a) The Property and Project shall not be used for industrial purposes, with the exception of parking, but shall initially and, for at least a period of forty (40) years from

the date of Closing, shall continue to be used for mixed commercial purposes, including retail and residential.

(b) There shall not be effected or executed any agreement, lease, covenant, conveyance or other instrument whereby the sale, lease or occupancy of the Property or Project is restricted upon the basis of race, creed, color, religion, sex, national origin, disability or familial status.

(c) Developer will comply with all state and local laws, in effect from time to time, prohibiting discrimination or segregation by reason of race, creed, color, religion, sex, national origin, disability or familial status in the leasing or occupancy of the Property, or any improvements thereon, including the Project.

(d) Developer agrees, on its own behalf and on behalf of its successors and assigns, not to discriminate upon the basis of race, creed, color, religion, sex, national origin, disability or familial status in the sale, lease, rental, use or occupancy of the Property or any improvements thereon, including the Project. This covenant being given for the benefit of the public, the United States of America is expressly recognized as a beneficiary thereof and is entitled to enforce it for its own benefit or that of the public.

(e) Coal shall not be used for heating or developing fuel or for any other operation on the Property.

(f) Any land area within the Property not occupied by structures, hard surfacing, or vehicular driveways shall be kept planted with grass, trees and plants and/or shrubbery and shall be maintained in a healthy condition and neat appearance. In the event of a default by Developer, its successors and/or assigns, in the planting and/or maintenance obligations set forth in this Section 2.2(f), which default continues for a period of ten (10) business days after

receipt by Developer of written notice thereof by Developer, the required planting and maintenance work may be completed by the City at the sole cost and expense of Developer, its successors and assigns, from time to time and in keeping with this covenant, and Developer shall reimburse City for the costs thereof within thirty (30) days after receipt of an invoice therefor.

(g) Developer agrees, on its own behalf and on behalf of its successors and assigns, that the Project and its appurtenant premises will be maintained in a first class and sound condition and with a neat and well maintained appearance. Necessary repairs, maintenance and upkeep of the Project will be performed so as to preserve the attractive appearance, physical integrity, and the sanitary and safe condition of the buildings and other improvements. In the event of a default by Developer, its successors and/or assigns, in the repair, maintenance and/or upkeep obligations set forth in this Section 2.2(g), which default continues for a period of thirty (30) days after receipt of written notice thereof by Developer, the required repairs, maintenance and/or upkeep may be completed by the City at the sole cost and expense of Developer, its successors and assigns, from time to time and in keeping with this covenant, and Developer shall reimburse City for the costs thereof within thirty (30) days after receipt of an invoice therefor.

(h) All exterior walls shall be constructed of permanent materials impervious to deterioration in appearance, such as stone, exposed aggregates, brick, block, pre-cast panels, glass, hardiplank, or EFIS (exterior finishing insulation systems). All roof structures and appurtenances in excess of six (6) inches in diameter and twelve (12) inches in height shall be shielded or screened from observation from the same elevation. Such shielding or screening shall be with materials compatible and in harmony with the roof and/or side walls.

(i) Any service area, facility or equipment located on that side of the Project site which is adjacent to a public right-of-way is to be enclosed or adequately screened. The materials used for the enclosures and screens shall be consistent with the design of the Project.

(j) No landscaping, improvements or structures, whether temporary or permanent in nature, shall be constructed, commenced or erected on the Property unless and until the plans, working drawings, specifications and materials therefor have been approved in writing by the City.

(k) Gas, electric and other utility services shall be underground to the Project from the main distribution. No utility line or connection to any utility line at or above ground level shall be permitted.

(l) The covenants under Subsections (a), (e), (f), (g), (h), (i), (j) and (k) shall expire forty (40) years after the date of this Contract.

It is intended and agreed hereby that the Restrictive Covenants under this Section 2.2 shall be covenants running with the land and that they shall in any event, and without regard to technical classification or designation, legal or otherwise be binding upon the City and Developer, and its successors and assigns, as the case may be.

Section 2.3. Title Insurance.

At Closing, Developer shall obtain, at its expense, an ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price or such other amount as required by its lender.

Section 2.4. Design of Project.

In accordance with Section 2.7 below, the design and materials of the Project shall be subject to review and approval by the City's Design Review Committee and the City's Planning Commission. The Project will consist of the buildings, facilities and elements described in

Developer's Proposal. The design of the apartments and commercial/retail space to be constructed on the Property and the construction materials used within will be of at least the same or similar quality of other first class residential and/or commercial/retail projects approved by the City on property formerly owned by the City.

Developer shall submit the preliminary plans to the Planning Director (a) when design is approximately 10% complete, (b) when the design is 90% complete and (c) when the design is sufficiently complete such that Developer's contractor can proceed with construction (the "Final Plans"). Developer may not proceed with construction until the Final Plans for the Project are approved by the Planning Commission and, in order to enforce this Section 2.4, the City shall be entitled to seek injunctive relief without the necessity of showing monetary or special damages and without posting bond or security for a bond for the award of a permanent injunction. The City's review will include confirmation that the design at the 90% stage and the Final Plans are in substantial conformance with the previous plans provided or properly modified in accordance with this Contract. Notwithstanding the foregoing, upon prior written notice to the City setting forth in detail the changes to be made and the reasons therefor, Developer shall have the right to make changes in the design and construction of the Project to the extent required to meet applicable codes, rules, regulations, statutes and ordinances. Developer must also obtain all other approvals required by the Norfolk City Code and other applicable laws and regulations. If, prior to Closing, Developer, despite using commercially reasonable efforts, is unable to obtain approval by the City of the plans for the Project and all other governmental approvals and permits required to commence construction of the Project, Developer may terminate this Contract by giving the City written notice thereof prior to the Closing, in which event the City shall refund the Deposit to the Developer.

Section 2.5 Construction and Design of Parking.

Developer shall be responsible for the design, construction, and equipping of the parking areas on the Project in accordance with Developer's Proposal and applicable zoning requirements.

Section 2.6. Relocation and Construction of Utilities.

Developer shall be responsible for the relocation of any utilities which is necessitated by the construction of the Project on the Property and for bringing and connecting utilities to the Project, and all costs thereof shall be paid and borne by Developer. In addition, Developer shall cause all electric, telephone and other utility lines for the Project to be placed underground within public rights of way or utility easements located within the Property lines. City agrees that all utilities are currently at or will be brought to the boundary line of the Property by the City.

Section 2.7. City's Review Procedures.

The City shall review the design submissions within thirty (30) days of its receipt of the same, and shall give written notice to Developer within such thirty (30) day period of its determination that either (a) the same are approved as complete in accordance with the terms of this Contract, (b) that such submissions are incomplete or otherwise fail to comply with the terms of this Contract, and/or (c) that such submissions must be modified. If the City determines that the Project design documents submitted to it hereunder are incomplete or otherwise fail to comply with this Contract or must be modified in accordance herewith, it shall disapprove them or request such modification and shall, in its notice thereof to Developer, set forth with specificity the reasons for the failure to comply and/or the nature of the modification being requested. After correcting and/or modifying and completing the Project design documents in accordance herewith, Developer

shall resubmit the Project design documents to the City within thirty (30) days after such notification from the City. The City shall, within thirty (30) days of the receipt of such revised Project design documents, give notice to Developer whether it approves or disapproves or requires further modification of the Project design documents and, if it disapproves or requests further modifications, it shall set forth the specific reasons for such disapproval or requested modifications in its notice thereof to Developer. Each further revision and resubmission of any of the Project design documents by Developer, and each further review and notice of approval or disapproval or request for modification of any of the Project design documents by the City shall be done or made pursuant to the procedures hereinabove set forth.

Section 2.8. Modifications of Design by Developer.

If Developer wishes to make modifications to the design of the Project, it shall submit such proposed modifications to the City for review and approval. Any such submission shall clearly identify all changes, omissions and additions as compared to the previously approved Project design documents. If the City determines, in its reasonable judgment, that the proposed modifications are acceptable, the City shall so notify Developer, the Project design shall be deemed to incorporate the modifications that have been approved by the City, and Developer shall perform its obligations under this Contract in accordance with the Project design, as modified. If the City determines, in its reasonable judgment, that the proposed modifications are not acceptable, the City shall so notify Developer, specifying in reasonable detail in what respects such proposed modifications are not acceptable, and Developer shall either (a) withdraw the proposed modifications, in which case construction of the Project shall proceed on the basis of the Project design previously approved by the City, or (b) revise the proposed modifications in response to

the City's objections and resubmit such modifications to the City, within thirty (30) days after receipt of such notice of objections, for review and approval.

Section 2.9 Rezoning.

Promptly after the execution of this Contract, the Developer shall apply for the rezoning of the Property to a zoning classification that permits the use of the Property as contemplated in the Developer's Proposal. City staff shall assist Developer during the application process. Prior to Closing, the City and Developer will work together to rezone the Property to a zoning classification that permits the use of the Property for the construction and operation of the Project in accordance with the terms hereof.

Section 2.10 Construction Schedule.

The Parties desire that the Project be completed on or before the date that is thirty-nine (39) months after commencement of construction. Developer shall commence construction of the Project on or before that date which is sixty (60) days after the later of (a) the date of Closing or (b) the date of approval of the Final Plans by the City (the "Construction Commencement Deadline"). Developer shall provide written notice to the City of the date of the commencement of construction within five (5) business days after such commencement. Construction of the Project shall be completed in three (3) phases in accordance with the "Phased Development Construction Schedule" set forth in Exhibit "C". Phase One of the Project, as more particularly described in Exhibit "C", shall be Substantially Complete in a good and workmanlike manner in accordance with the Final Plans and a Certificate of Occupancy shall have been obtained by Developer no later than that date which is two hundred and seventy (270) days after the date of commencement of construction of Phase One, subject only to extensions for Permitted Delays, as hereinafter defined (the "Phase One Construction Completion Deadline").

Construction of Phase Two of the Project, as more particularly described in Exhibit “C”, shall commence on or prior to the earlier of (a) that day which is 180 days after Phase One is Substantially Complete or (b) one hundred and twenty (120) days after the Phase One residential units are seventy percent (70%) leased and shall be Substantially Complete in a good and workmanlike manner in accordance with the Final Plans and a Certificate of Occupancy shall have been obtained by Developer no later than that date which is two hundred and seventy (270) days after the date of commencement of construction of Phase Two, subject only to extensions for Permitted Delays (the “Phase Two Construction Completion Deadline”).

Construction of Phase Three of the Project, as more particularly described in Exhibit “C”, shall commence on or prior to the earlier of (a) that day which is 180 days after Phase Two is Substantially Complete or (b) one hundred and twenty (120) days after the Phase Two residential units are seventy percent (70%) leased (the “Phase Three Construction Commencement Deadline”) and shall be Substantially Complete in a good and workmanlike manner in accordance with the Final Plans and a Certificate of Occupancy shall have been obtained by Developer no later than that date which is two hundred and seventy (270) days after the date of commencement of construction of Phase Three, subject only to extensions for Permitted Delays (the “Phase Three Construction Completion Deadline”).

Full completion of all punch-list items, landscaping and similar design and development functions for the Project (“Final Completion”) by Developer shall occur within two (2) months following Substantial Completion of Phase Three, subject to Unavoidable Delays. During any phase of construction of the Project, construction shall be completed by Developer on such schedule as is reasonably required to achieve Substantial Completion of such phase prior to the applicable Construction Completion Deadline for such phase. As used herein, “Construction

Completion Deadline” shall mean either the Phase One Construction Commencement Deadline, the Phase Two Construction Commencement Deadline, or the Phase Three Construction Commencement Deadline, as applicable. “Construction Completion Deadline” shall mean either the Phase One Construction Completion Deadline, the Phase Two Construction Completion Deadline or the Phase Three Construction Completion Deadline, as applicable. Accordingly, at or prior to submission of the plans for final approval by the City, a Development Budget and Timeline shall be furnished by Developer to the City’s Director of Development for review and approval by the City.

Promptly after the execution and delivery of this Contract, Developer shall commence and diligently prosecute all investigations, studies, applications, architectural and engineering work, negotiations, letting and execution, as the case may be, of construction, demolition, and utility relocations or abandonment, contracts or commitments, necessary or appropriate for the commencement of construction in accordance with the terms hereof.

Section 2.11. Financing Commitment.

Prior to Closing, Developer shall provide a Financing Commitment to the City, in form and substance satisfactory to the City, evidencing Developer’s financial ability to design, construct and equip the Project and thereafter to maintain, operate and lease the same. The City’s approval of such Financing Commitment must be in writing and delivered to the Developer prior to Closing. Failure to secure a Financing Commitment satisfactory to the City in accordance with the terms hereof will permit the City to terminate this Contract. Developer’s sole remedy shall be the return of the Deposit.

Section 2.12. Failure to Obtain Financing or to Meet Construction Schedule.

In the event that (a) Developer fails to commence construction of any phase of the Project as specified in Section 2.10, or (b) construction ceases for ninety (90) consecutive days (other than, in either case, because of Permitted Delay), except if such cessation is due to the phased development time periods contemplated in Section 2.10, and if the Developer makes reasonable effort to recommence construction, then such ninety (90) day period will be extended to one hundred twenty (120) days, the City, shall be entitled, but not obligated, to terminate this Contract upon thirty (30) days written notice to Developer and upon the conclusion of such thirty (30) day period and no cure by Developer, this Contract shall terminate except for the City's remedies as outlined below. In the event a delay in construction of the Project is caused by an Unavoidable Delay, the applicable Construction Commencement Deadline and/or the Construction Completion Deadline shall be extended but only by the number of days of delay caused by such Unavoidable Delay; provided, however, there shall be no extension of the applicable Construction Commencement Deadline and/or the Construction Completion Deadline unless, (x) within five (5) business days after the occurrence of any such Unavoidable Delay, Developer provides written notice to the City of the occurrence of such Unavoidable Delay, (y) within five (5) business days after conclusion of such Unavoidable Delay, Developer provides an additional written notice to the City of the total number of days of such Unavoidable Delay and of the adjusted applicable Construction Commencement Deadline and/or Construction Completion Deadline, and (z) the City agrees to the date(s) of such adjusted Construction Commencement Deadline and/or the Construction Completion Deadline in writing. Any Unavoidable Delay properly documented in accordance with the terms of this Section 2.12 shall be referred to herein as a "Permitted Delay."

In the event this Contract is terminated by the City pursuant to this Section 2.12, the City shall have the right, but not the obligation, to re-enter and take title to the Property, in which event Developer shall immediately execute a deed re-conveying the Property as well as all improvements thereon to the City, subject to any mortgage ("Mortgage") secured by the Project and to which the Property is subject pursuant to the Financing Commitment and further subject to any tenant leases already in place for premises at the Project; provided the City shall pay for the Property in accordance with Section 9.2 of this Contract. In the event the City has the right to terminate this Contract as provided in this Section 2.12, but does not exercise its right to terminate and the then current phase of the Project is Substantially Completed on a date after the applicable Construction Completion Deadline, then Developer shall pay liquidated damages to the City for such delay for each day between the applicable Construction Completion Deadline and the date the then current phase of the Project is Substantially Completed. The amount of liquidated damages for each day of such delay shall be the difference between real estate taxes that would be payable if the then current phase of the Project had been Substantially Completed on the applicable Construction Completion Deadline and the actual real estate taxes that are assessed for the days between the applicable Construction Completion Deadline and the date the then current phase of the Project is Substantially Completed. Developer agrees this provision is a valid and enforceable liquidated damages provision and the City's Real Estate Assessor's assessment of the amount owed by Developer as liquidated damages shall be accepted by Developer as the proper amount.

Section 2.13. Risk of Loss and Insurance.

After Closing, the Developer shall bear the risk of loss on the Property and all improvements thereon, including the Project. Developer agrees that in the event the Project is partially or fully damaged or destroyed prior to Final Completion of the entire Project and

occupancy, Developer shall rebuild the Project at its costs, including the costs of design, construction and equipping same. Failure to commence reconstruction within a reasonable time or failure to complete reconstruction shall entitle City to have the Property reconveyed to City on the terms described in Section 9.2 with respect to a default under Section 2.12(a).

Beginning on the Date of Closing, Developer shall, at its sole expense and cost, keep the Property and all of the improvements, including the Project, on the Property insured, on forms and in companies acceptable to City, for the benefit of Developer and City, in an amount equal to not less than the full insurable value (a) against loss and damage by fire, and (b) against loss or damage from risks covered by standard form of endorsement for use in Norfolk, Virginia. In no event shall the coverage amount be less than the amount it would take to design, construct and equip the Project in the event of partial or complete destruction of the Project. Developer shall maintain such other insurance, including, without limitation, pollution legal liability insurance, as shall be reasonably requested by the City. City shall be named as an additional insured on all policies of insurance until the final certificate of occupancy is issued for the Project.

Prior to Closing, City shall bear the risk of loss of the Property and any existing improvements. However, any improvements thereon are to be demolished by Developer after Closing; therefore loss of all or part of improvements on the Property prior to Closing in no way requires City to rebuild the existing improvements and shall not affect Developer's obligation to close or affect the Purchase Price.

ARTICLE III **CLOSING AND PURCHASE PRICE**

Section 3.1. Time and Place of Closing.

The closing ("Closing") shall take place at Office of the City Attorney, City Hall, 810 Union Street, Suite 900, Norfolk, Virginia 23510, or at any other location in Norfolk agreed

to by the Parties, on a date mutually satisfactory to Developer and the City but in no event later than Outside Closing Date.

Section 3.2. Consideration.

In consideration for the City's conveyance of the Property to Developer, Developer shall pay to the City the Purchase Price and Developer shall be obligated to design, construct, and equip the Project on the Property at Developer's sole cost and expense pursuant to the terms of this Contract.

Section 3.3. Conditions of Developer's Obligation to Close.

The obligation of Developer to close hereunder is expressly conditioned upon the fulfillment by and as of the date of Closing of each of the conditions listed below; provided, however, that Developer, at its election, evidenced by written notice delivered to the City prior to or at the Closing, may waive any or all of the following conditions:

(a) Developer shall have the Due Diligence Period to have an environmental assessment, identification of utilities in, on or affecting the Property, and preliminary engineering and any other tests, studies or investigations done at Developer's costs (the "Assessments"). In the event the Developer determines, based on the Assessments, that the Property is unsuitable for the Project, the Developer's sole remedy is termination of this Contract and return of its Deposit. In no event will the Developer's right to the Assessments or to terminate this Contract based on the Assessments survive Closing. The City shall provide Developer with copies of documents pertaining to the Property, such as title reports or environmental assessment reports, if any, which were generated for the City at the time when City purchased the Property.

(b) All representations, warranties, acknowledgments and covenants made by the City in this Contract shall be true and correct in all material respects and shall continue to be true and correct in all material respects as of the date of Closing.

(c) No laws, statutes, ordinances, governmental orders, regulations, rules or requirements shall have been enacted, adopted, issued or otherwise promulgated, and/or shall be in force, that would prevent the use and development of the Project in accordance with this Contract, the zoning, or in accordance with any related agreements to which the City is a party or to which Developer is a party.

(d) The City shall own fee simple title to the Property.

(e) The Property shall have been rezoned to an appropriate classification in accordance with the provisions of Section 2.9.

Section 3.4. Conditions of City's Obligation to Close.

The obligation of the City to close hereunder is expressly conditioned upon the fulfillment by and as of the date of Closing of each of the conditions listed below; provided, however, the City, at its election, evidenced by written notice delivered to Developer prior to or at the Closing, may waive any or all of the following conditions:

(a) All representations, warranties, acknowledgments and covenants made by Developer in this Contract shall be true and correct in all material respects, and shall continue to be true and correct in all material respects as of the date of Closing.

(b) No laws, statutes, ordinances, governmental orders, regulations, rules or requirements shall have been enacted, adopted, issued or otherwise promulgated, and/or shall be in force, that would prevent the use and development of the Property in accordance with

this Contract, the zoning, or in accordance with any related agreements to which the City is a party or to which Developer is a party.

(c) Developer will submit to City in accordance with the City's zoning regulations two copies each of (i) the plan of development for the Project and (ii) the application of the foundation permit for the Project;

(d) Developer shall have obtained a Financing Commitment in a form and on terms satisfactory to the City and in accordance with the terms of Section 2.11 and shall have provided to the City appropriate evidence thereof;

(e) A certificate from the Virginia Board of Contractors or other evidence satisfactory to the City that the General Contractor selected by Developer to construct the Project is a registered contractor in good standing with the Virginia Board of Contractors;

(f) Such other documentation including plans and specifications, schematic drawings and renderings of the Project as may reasonably be requested by City to insure the orderly development of the Property;

(g) City shall have approved the proposed Development Budget and Timeline in accordance with Section 2.10;

(h) City shall have approved the Final Plans in accordance with Sections 2.4 and 2.7;

(i) City shall have received a copy of the executed construction contract;

(j) City shall have received proof satisfactory to the City of the insurance required under Section 2.13; and

(k) City shall have received a favorable recommendation from the United States Navy regarding use of the Property in accordance with the Developer's Proposal.

Section 3.5. Failure to Satisfy Conditions.

In the event that any of the conditions of a Party's obligation to close hereunder as set forth in Section 3.3 or Section 3.4 hereof are unsatisfied for any reason, other than as a result of Unavoidable Delay, that Party shall be entitled, but not obligated, to extend the Outside Closing Date by providing written notice to the other Party of such extension and of the duration thereof on or prior to the date of Closing to enable such other Party to satisfy or cause to be satisfied such conditions. If, on the original or any adjourned date of Closing, any condition of the obligation of a Party to close hereunder shall remain unsatisfied and such condition has not been waived by such Party, then such Party shall have the right to terminate this Contract upon thirty (30) days written notice to the other, and unless, during such thirty (30) days written notice to the other, either (a) the Party entitled to terminate shall waive such conditions(s) as provided above and agree to proceed to Closing hereunder, or (b) the Party entitled to terminate may, by written notice to the other Party, terminate this Contract in which event neither Party shall have any further rights hereunder or obligations to the other of any nature hereunder or by reason hereof, except that with respect to a failure to satisfy any condition of the Closing that results from a Party's default under this Contract, the provisions of this Contract pertaining to such default, and to the Parties' respective rights, remedies and obligations in connection with such default, shall be applicable in addition to, or (in the non-defaulting Party's discretion) as an alternative to, the non-defaulting Party's aforesaid right of termination.

Section 3.6. Deliveries at Closing by City.

At the Closing, City will execute and deliver to Developer the following:

(a) A special warranty deed conveying to the Developer good and marketable fee simple title to the Property free and clear of all liens and encumbrances except those permitted by this Contract and subject to the Restrictive Covenants described in Section 2.2;

(b) A certificate to the effect that the City is not a foreign entity subject to the withholding requirements of the Foreign Investment in Real Property Tax Act;

(c) A certified copy of the ordinance adopted by the City authorizing the conveyance of the Property to Developer pursuant to the terms of this Contract;

(d) A 1099 report form pursuant to Section 6045 of the Internal Revenue Code of 1986, as amended;

(e) Form R-5E as required by the Virginia Department of Taxation to evidence that City is a Virginia resident;

(f) Any other document or instrument required hereunder or reasonably requested by Developer or its title insurance company in order to consummate the transactions contemplated herein; and

(g) Any subordination or intercreditor contract reasonably required by Developer's lender.

Section 3.7. Deliveries at the Closing by Developer.

At the Closing, Developer shall execute and/or deliver the following:

(a) Developer shall deliver to the City the Purchase Price minus the Deposit, by wire transfer, cashiers check, or certified funds.

(b) Developer shall deliver to the City evidence reasonably satisfactory to the City that Developer has been validly formed as a corporation, is in good standing, and is qualified to do business in the Commonwealth of Virginia and City of Norfolk.

(c) Developer shall deliver to the City the written opinion of counsel of Developer, in form reasonably satisfactory to the City (assuming that all signatures are genuine, and further assuming that all documents presented to such counsel as copies conform with the originals), stating (1) that Developer is a corporation, duly organized and validly existing under the laws of the State of Virginia; (2) that Developer has the power to enter into the transactions contemplated by this Contract (including, without limitation, entry into this Contract); (3) that all actions by Developer required to be authorized in the transaction contemplated by this Contract have been duly authorized; (4) that this Contract and all documents required to effectuate the transactions contemplated hereby which are to be executed by Developer (including, without limitation, all agreements and instruments to be executed by Developer at the Closing) have been duly executed and delivered by Developer, and constitute binding obligations of Developer, enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganizations, moratoriums or similar laws affecting the enforcement of creditors' rights generally and by legal and equitable limitation on the enforceability of specific remedies;

(d) Developer shall deliver to the City resolutions of the Developer's Board of Directors ("Board"), authorizing Developer to consummate the transactions contemplated herein, such resolutions to be in form and substance reasonably satisfactory to the City, executed by the Board's President or Vice-President in their respective capacity and accompanied by a certificate executed by the Board's Secretary; and

(e) Developer shall deliver to the City any other document or instrument required hereunder or reasonably requested by the City in order to consummate the transactions contemplated herein, which document or instrument will be in form and substance reasonably

acceptable to the City, including, without limitation, proof of insurance required by Section 2.13 hereof.

Section 3.8. Prorations.

Proratable items relating to the Property will be prorated as of the date of Closing.

Section 3.9. Closing Costs.

City is exempt from grantor's tax on the Deed. Developer will pay all other recording taxes and fees in connection with the recordation of the Deed, the cost of its title insurance commitment and policy, the cost of obtaining the survey and any subdivision plat required, and all other costs incurred in connection with its due diligence investigations of the Property. Each Party will pay its respective attorney's fees.

ARTICLE IV
ADDITIONAL COVENANTS

Section 4.1. Right of Entry.

Prior to Closing, Developer and its agents, representatives and contractors will have the right to enter the Property for the purpose of surveying the Property, conducting soil tests and engineering studies and performing such other examinations as Developer deems necessary to determine the suitability of the Property for its contemplated development. Developer will keep the Property free and clear of all mechanics' liens and will indemnify, defend and hold the City harmless from and against any and all claims, liens, liabilities, damages, losses and costs (including reasonable attorneys' fees) arising from the exercise by Developer of its right of entry under this Section. If the Closing does not occur, Developer will repair any damage to the Property caused by Developer's exercise of such right of entry at Developer's sole cost and expense.

Section 4.2 Survey.

Developer shall be responsible for securing a survey of the Property. Such survey shall be conducted by a surveyor acceptable to Developer and the City, and shall be certified to Developer, the City, and the title company furnishing the title commitment to Developer.

Section 4.3. Condemnation.

If before the Closing all or any portion of the Property is taken under the power of eminent domain or is transferred in lieu of such taking and such taking or transfer materially interferes with Developer's contemplated development of the Property, Developer may, at its option, (i) terminate this Contract by notice to the City within thirty (30) days after Developer is notified of such taking or transfer, in which case return of the Deposit shall be the sole and exclusive remedy or (ii) proceed to Closing.

Section 4.4 . Time is of the Essence.

Time is of the essence as to the performance of the terms and conditions of this Contract. To the extent any provisions of this Contract specifically state that time is of the essence, such specific provisions are not intended to mean that time is not of the essence as to the remaining provisions of this Contract.

Section 4.5. Staging Area and Construction Operations.

City does not have any obligation to Developer and/or its contractor to provide a staging area or any particular construction easements for construction of the Project. Developer shall see that any pile driving and similar construction methods are not started before 7:00 a.m. and cease by 6:00 p.m. on weekdays, and are not started before 7:00 a.m. and cease before 5:00 p.m. on weekends and holidays.

Section 4.6. Improvements to Community Beach Park.

Developer acknowledges that Community Beach Park, which is a public park located across Ocean View Avenue from the Property, will have a positive impact on the success of the Project. Accordingly, Developer agrees to enter into further talks with the City for the purposes of agreeing to the terms under which Developer would make reasonable financial contributions to assist with improvements to the existing shelter at Community Beach Park or, subject to all applicable laws, Developer would make reasonable improvements to the shelter at Community Beach Park as part of the plans for the Project.

ARTICLE V
TERM

Section 5.1. Term of Contract.

The term of this Contract shall commence upon the date first entered on this Contract.

ARTICLE VI
PROGRESS REPORTS

In addition to timely construction of the Project, within ten (10) days after receipt of the City's request therefor, Developer shall provide the City with a written progress report that reflects all work done since the date of the prior progress report, if any; provided, however, Developer shall not be required to provide such progress reports more frequently than monthly.

ARTICLE VII
MODIFICATIONS FOR LENDER

If in connection with obtaining Financing Commitments for this Project, any lender shall request reasonable modifications of this Contract as a condition to such financing, the parties will execute a modification of this Contract, provided that such modification does not

increase the financial obligations of the City, or materially and adversely affect any rights of the City created by this Contract.

ARTICLE VIII **ADDITIONAL OBLIGATIONS OF CITY**

Upon Final Completion of the Project, City will furnish Developer an appropriate instrument certifying that Developer has complied with the provisions hereof relating to the construction of the Project. If City shall, for cause, refuse or fail to provide certification, the City shall, within ten (10) days after written request by Developer, provide Developer with a written statement indicating in adequate detail (a) how Developer has failed to complete the construction of the Project in conformity with this Contract or is otherwise in default, and (b) what measures or acts will be reasonably necessary, in the opinion of the City, for Developer to take or to perform in order to obtain certification.

ARTICLE IX **EVENTS OF DEFAULT AND REMEDIES**

Section 9.1 Default by Developer.

The occurrence of any of the following shall be an event of default by Developer under this Contract:

- (a) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors' rights;
- (b) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;
- (c) The entering of an order for relief against Developer or the appointment of receiver, trustee, or custodian for all or a substantial part of the property or assets

of Developer in any involuntary proceeding, and the continuation of such order, judgment or decree unstayed for any period of thirty (30) consecutive days;

(d) The failure of Developer to perform or to observe any covenant, obligation, condition or requirement of this Contract not specifically named as a default in this Section 9.1, and the continuation of such failure for thirty (30) days after written notice from City specifying the nature and extent of any such default, or, if such default cannot reasonably be cured within such thirty (30)-day period, the failure either (i) to commence to cure such default within such thirty (30)-day period and to diligently continue to pursue such effort to cure to completion, or (ii) to cure such default within a reasonable time after the expiration of the first thirty (30)-day period, in no event to exceed ninety (90) days after the written notice of default.

Section 9.2. Remedies.

Upon the occurrence and continuance of any event of default described in Section 9.1 or any other breach of this contract, City may elect to terminate this Contract by giving written notice of such termination to Developer, and this Contract shall terminate as of the date specified in such notice (which date shall be on or after the date of the notice of termination). In the event that termination under this Section 9.2 occurs after Closing, in addition to its other remedies, City may elect to reenter and take back title to the Property, in which event Developer shall immediately execute a deed re-conveying the Property as well as all improvements thereon to the City, subject to any Mortgage and any tenant leases already in place for premises at the Project and provided the City pays for the Property in accordance with the following paragraph of this Section 9.2. In addition to the remedies of termination described above, a non-defaulting Party shall have available to it all other rights and remedies provided in this Contract or at law or in equity. Remedies under this Contract shall be cumulative and not restrictive of other remedies. The

prevailing Party in any action or proceeding to enforce the terms of this Contract shall be entitled to recover from the unsuccessful Party all costs and expenses, including reasonable attorney's fees incurred therein.

In the event the termination is because of a default under Section 2.12 (a), the reconveyance of title of the Property to the City shall be subject to the City paying at the time of such reconveyance the Purchase Price minus the Deposit. In the event the termination is because of a default under Section 2.12 (b), the reconveyance of title of the Property and all improvements thereon to the City shall be subject to the City paying, at the time of such conveyance, the Reverter Payment, as hereinafter defined. The "Reverter Payment" shall be (a) the sum of Three Million and 00/100 Dollars (\$3,000,000.00) for the land which is part of the Property and (b) an amount equal to ninety-five percent (95%) of the Fair Market Value, as hereinafter defined, as of the date of such notice of termination of all improvements constructed thereon to date less the outstanding principal balance (and all accrued but unpaid interest thereon) under the Mortgage through the date of such notice of termination. For purposes of this Section, "Fair Market Value" shall mean the fair market value of the Property and improvements constructed to date of such of termination as determined by mutual agreement reached within twenty (20) days of the date of notice of termination by the City, or, in the absence of such agreement, by appraisal as follows. If the parties are unable to reach agreement on the Fair Market Value within such twenty (20) day period, then within ten (10) days thereafter Developer shall name one appraiser and the City shall name a second appraiser. The appraisers so chosen will meet within ten (10) days after the second appraiser is appointed and if, within thirty (30) days after the second appraiser is appointed, the two appraisers are not able to agree upon the Fair Market Value, they shall appoint a third appraiser. In the event the two appraisers are unable to agree upon such appointment within ten

(10) days after the aforesaid time, then either Party may, as promptly as possible thereafter, request the American Arbitration Association to appoint a third appraiser. The decision of the appraisers so chosen shall be given within a period of thirty (30) days after the appointment of such third appraiser. The decision in which any two appraisers so appointed and acting hereunder concur shall in all cases be binding and conclusive upon the parties. Each Party shall pay the fees and expenses of the original appraiser appointed by such Party and the expenses of the third appraiser, if any, shall be borne equally by the parties. Any appraiser, no matter by whom designated, shall be a member in good standing, with the "MAI" designation, of the Appraisal Institute with at least ten (10) years experience as a real estate appraiser in the Hampton Roads, Virginia area. The City's right to take back the Property is subject to the lien of any Mortgage held by any lender for the financing of the Project and subject to tenant leases already in place for premises at the Project on the date of the notice, with copies of such leases to be provided to the City at the time of reconveyance of the Property to the City. In addition to the remedies of termination described above, a non-defaulting Party shall have available to it all other rights and remedies provided in this Contract or at law or in equity. Remedies under this Contract shall be cumulative and not restrictive of other remedies. The prevailing Party in any action or proceeding to enforce the terms of this Contract shall be entitled to recover from the unsuccessful Party all costs and expenses, including reasonable attorney's fees incurred therein.

ARTICLE X **ASSIGNMENT LIMITATIONS**

Except as otherwise expressly provided herein, prior to Final Completion of the Project, Developer, individually or jointly, may not assign this Contract or any right, title or interest hereunder, to anyone or any entity without the prior written consent of the City. Developer shall have the right to collaterally assign all or any portion of its rights in this Contract (a) to any lender

or lenders prior to Final Completion of the Project or (b) to anyone after Final Completion of the Project.

A permitted assignment shall not relieve the assigning party from its obligations under this Contract. Any purported assignment of this Contract or of any right, title or interest hereunder not complying with this Article X shall be void and of no force or effect.

ARTICLE XI **MISCELLANEOUS**

Section 11.1. Low and Moderate Income and Resident Job Opportunities.

Developer shall make every reasonable effort to include provisions in the construction contracts for the Project, (i) requiring the contractor to make a good faith effort to see that jobs at the Project are made available to Norfolk residents and to low and moderate income persons; and (ii) prohibiting any contractor or any commercial tenant of the Project from discriminating on the basis of race, color, creed, national origin, age or sex. Developer will cooperate with the City in alerting the contractors and tenants to any training programs or other job opportunity sponsored by the City and will encourage participation in such programs.

Section 11.2. City's Project Representative.

The City hereby appoints Steven J. Anderson or his designate as its representative for the Project who will be responsible for coordinating the City's approvals hereunder.

Section 11.3. No Broker.

Developer and City each represent and warrant that no broker to whom a commission, fee or other compensation is payable is or has been involved in or brought about the transactions contemplated by this Contract. Each of said Parties shall indemnify and hold the others harmless from any and all claims, obligations, liabilities, costs or expense (including reasonable attorneys' fees) incurred as a result of any claim for brokerage commissions, fees or

other compensation by any person or entity who alleges having acted or dealt with the indemnifying Party in connection with the Project or the transactions contemplated by this Contract. The Parties' obligations under this Section shall survive the Closing and any termination of this Contract.

Section 11.4. Relationship of Parties.

This Contract is not to be construed to create a partnership or joint venture between the Parties.

Section 11.5. Negotiated Document.

The Parties acknowledge that the provisions and language of this Contract have been negotiated and agree that no provision of this Contract shall be construed against any Party by reason of such Party having drafted such provision of this Contract.

Section 11.6. Governing Law.

This Contract shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

Section 11.7. Successors and Assigns.

The agreements, terms, covenants and conditions of this Contract shall be binding upon and inure to the benefit of the City, Developer, and except as otherwise provided herein, their respective successors and permitted assigns.

Section 11.8. Further Assurances.

Each Party hereto shall do all acts and things and make, execute and deliver such written instruments as shall from time to time be reasonably required to carry out the terms and provisions of this Contract.

Section 11.9. No Amendment.

Neither this Contract nor any provisions hereof may be changed, modified, amended, supplemented, altered, waived, discharged or terminated except by an instrument in writing signed by both Parties and if required by any mortgage document, with the written consent of the applicable lender.

Section 11.10. Survival of Closing.

The provisions of this Contract shall survive the Closing.

Section 11.11. Effectiveness.

This Contract shall not be binding or effective until executed and delivered by the Parties hereto.

Section 11.12. Waiver.

The failure of any Party to insist upon strict performance of any of the terms or provisions of this Contract or to exercise any option, right or remedy contained in this Contract, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, of this Contract nor be deemed to have been made unless expressed in writing and signed by such Party.

Section 11.13. Exhibits.

Each Exhibit referred to in this Contract is incorporated by reference and attached to this Contract.

Section 11.14. Consent and Approvals.

(a) All consents and approvals which may be given under this Contract shall be in writing, as a condition of their effectiveness. The granting of any consent or approval by a Party to perform any act requiring consent or approval under the terms of this

Contract or the failure on the part of a Party to object to any such action taken without the required consent or approval shall not be deemed a waiver by the Party whose consent was required or its right to require such consent or approval for any further similar act.

(b) If it is provided that a particular consent or approval is not to be unreasonably withheld, such consent or approval also shall not be unreasonably conditioned or delayed and any matter required to be done satisfactorily or to the satisfaction of a Party only be done reasonably satisfactorily or to the reasonable satisfaction of that Party.

Sections 11.15. Interpretation.

For the purpose of construing this Contract, unless the context indicates otherwise, words in the singular number shall be deemed to include words in the plural number and vice versa, words in one gender shall be deemed to include words in other genders, and the word "person" shall be deemed to include a corporation or partnership. Headings of articles and sections are inserted only for convenience and are not, and shall not be deemed, a limitation on the scope of the particular articles or sections to which they refer.

Section 11.16. "Including".

In this Contract, whenever general words or terms are followed by the word "including" (or other forms of the word "include") and words of particular and specific meaning, the word "including without limitation," and the general words shall be construed in their widest extent, and shall not be limited to persons or things of the same general kind or class as those specifically mentioned in the words of particular and specific meaning.

Section 11.17. Notices.

All notices or other communications required or desired to be given with respect to this Contract shall be in writing and shall be delivered by hand or by courier service, or sent by

registered or certified mail, return receipt requested, bearing adequate postage and properly addressed as provided below. Each notice given by mail shall be deemed to be given by the sender when received or refused by the Party intended to receive such notice; each notice delivered by hand or by courier service shall be deemed to have been given and received when actually received by the Party intended to receive such notice or when such Party refuses to accept delivery of such notice. Upon a change of address by either Party, such Party shall give written notice of such change to the other Party in accordance with the foregoing. Inability to deliver because of changed address or status of which no notice was given shall be deemed to be receipt of the notice sent, effective as of the date such notice would otherwise have been received.

To City: Marcus D. Jones
City Manager
810 Union Street, Suite 1100
Norfolk, VA 23510

With a copy to: Steven J. Anderson
Director of Development
Department of Development
500 E. Main Street, Suite 1500
Norfolk, VA 23510

With a copy to: Bernard A. Pishko
City Attorney
Office of the City Attorney
810 Union Street, Suite 900
Norfolk, VA 23510

To Developer: Ocean View Properties, Inc.
Attention: Robert Zirpoli
844 First Colonial Road, Suite 205
Virginia Beach, VA 23451

With a copy to: Bill Bischoff
3704 Pacific Avenue, Suite 300
Virginia Beach, Virginia 23451

Section 11.18. Entire Agreement.

This Contract constitutes the entire agreement between the Parties with respect to the Project and supersedes all prior understandings and writings, and this Contract may be amended or modified only by a writing signed by City, and Developer.

Section 11.19. Counterparts.

This Contract may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single document.

Section 11.20. Recordation.

This Contract may be recorded in the Clerk's Office of the Circuit Court of the City of Norfolk, Virginia.

WITNESS the following signatures:

CITY OF NORFOLK

Marcus D. Jones, City Manager

ATTEST:

City Clerk

OCEAN VIEW PROPERTIES, INC.

By: _____
Name: _____
Title: _____

Approved as to contents:

Director, Department of Development

Approved as to form and correctness:

Assistant City Attorney

COMMONWEALTH OF VIRGINIA
CITY OF NORFOLK, to-wit:

Sworn to and subscribed before me, a Notary Public in and for the City and

Commonwealth aforesaid, by _____, _____

of the City of Norfolk, this _____ day of _____, 2014.

Notary Public

My commission expires: _____

COMMONWEALTH OF VIRGINIA
CITY OF NORFOLK, to-wit:

Sworn to and subscribed before me, a Notary Public in and for the City and

Commonwealth aforesaid, by _____, _____ of

Ocean View Properties, Inc., this _____ day of _____, 2014.

Notary Public

My commission expires: _____

EXHIBIT A1
Legal Description of Property

Ocean View Senior Center Parcel

All that certain lot, piece or parcel of land situate, lying and being in the City of Norfolk, Virginia, said parcel being further described as follows: BEGINNING at a point that is the northwest corner of Parcel "A" as shown on that certain plat entitled, "Plat Showing Property Adjoining the Ocean View Golf Course Owned by the City of Norfolk, VA.," dated November, 1958, revised October, 1962, and recorded in the Clerk's Office of the Circuit Court of the City of Norfolk, Virginia in Map Book 19 at Page 55; thence, S 18°-37'-30" W, 426.18 feet, more or less, to the northern line of the Ocean View Golf Course; thence, N 43°-21'-00" W, 344.54 feet, more or less, along the northern line of the Ocean View Golf Course to the eastern line of Norfolk Avenue; thence, N 46°-39'-00" W, 210.00 feet, along the eastern line of Norfolk Avenue to a point of curvature; thence, 30.40 feet, more or less, along the arc of a curve to the right, the radius of which is 22.34 feet, with a chord distance of 28.11 feet, more or less, and a chord bearing of N 85°-38'-07" E, to a point on the southern line of E. Ocean View Avenue; thence, 277.76 feet, more or less, along the arc of a curve to the left, the radius of which is 994.9.3 feet, with a chord distance of 276.85 feet, more or less, and a chord bearing of S 63°-22'-39" E, to a point on the southern line of E. Ocean View Avenue; thence, S 71°-22'-30" E, 105.43 feet, more or less, along the southern line of E. Ocean View Avenue to the point of beginning.

The above-described parcel contains 3.334 acres of land, more or less.

Parcel A, E. Ocean View Avenue

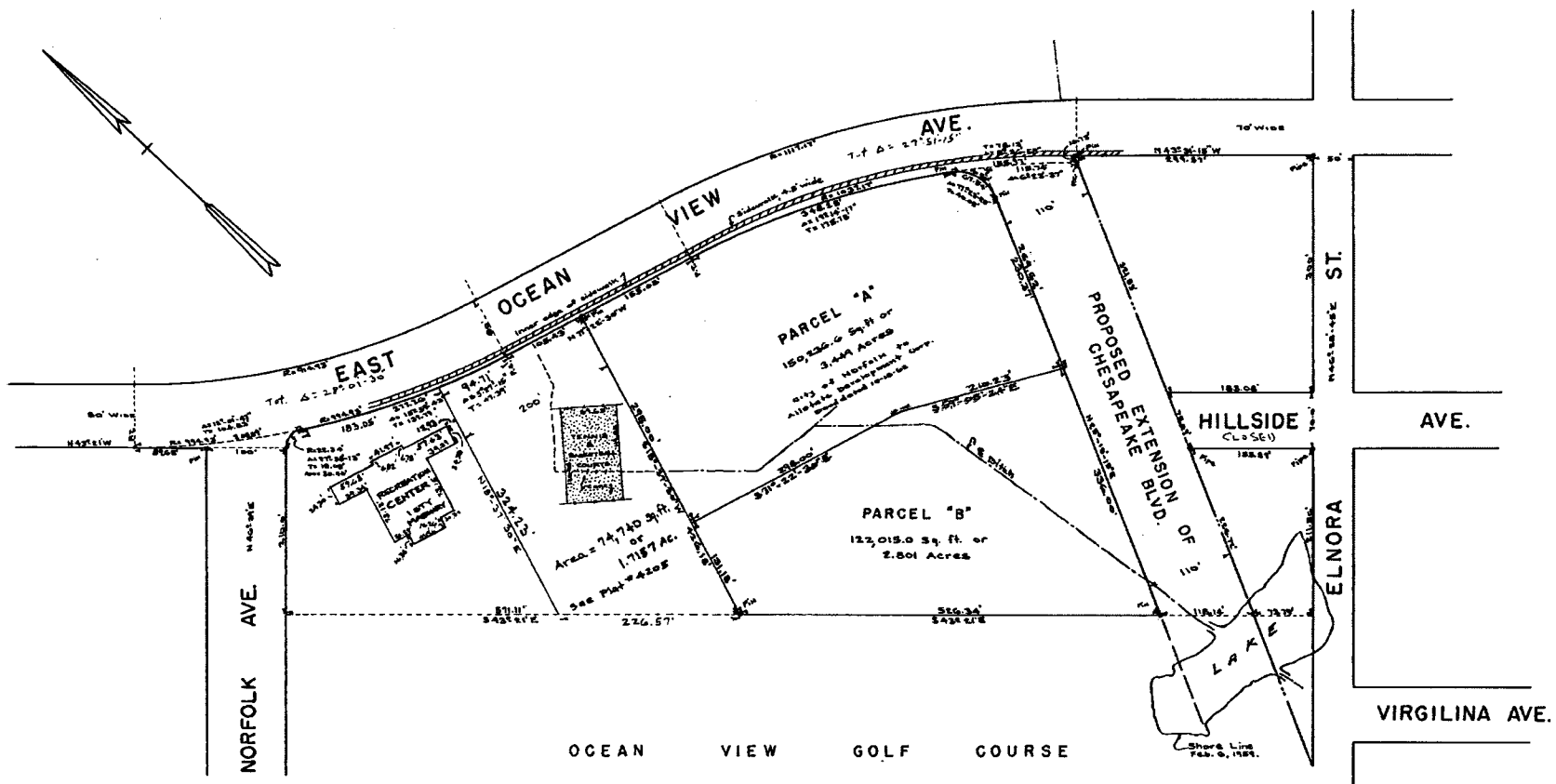
All that certain lot, piece or parcel of land, situate lying and being in the City of Norfolk, Virginia and known, numbered and designated as Lot 1 as shown on that certain plat entitled, "Subdivision of Part of Parcel "A" Property adjoining the Ocean View Golf Course Owned by the City of Norfolk, VA., Map Book 19, Page 55, Ocean View Borough, Norfolk Virginia" dated September 2, 1997 and made by Robert L. Taliaferro, which plat is duly recorded in the Clerk's Office of the Circuit Court of the City of Norfolk, Virginia in Map Book 51 at Page 77.

The above-described parcel contains 2.403 acres, more or less.

TOGETHER WITH those certain rights, privileges and easements contained in Deed of Easement Agreement and Restrictions recorded in the Clerk's Office of the Circuit Court of the City of Norfolk, Virginia in Deed Book 3060 at page 84 and re-recorded in Deed Book 3062 at page 260.

EXHIBIT A2
Plat of Property

[SEE ATTACHED]



M.B. 19 pg. 55 (city)

PLAT

SHOWING PROPERTY ADJOINING THE OCEAN VIEW GOLF COURSE

OWNED BY

THE CITY OF NORFOLK, VA.

Scale 1" = 100'

Nov. 1958

Revised Oct., 1962

DIVISION OF SURVEYS

DEPARTMENT OF PUBLIC WORKS

NORFOLK, VA.

APPROVED:

Daniel P. Loh 11/16/62
City Planning Engineer
City of Norfolk, Va.

APPROVED:

Charles E. Browning, Jr. 11/16/62
Engineer of Surveys
City of Norfolk, Va.

APPROVED:

John M. Smith 11/16/62
Director of Public Works
City of Norfolk, Va.

THE PROPERTY EMBRACED WITHIN THE LIMITS OF THIS SUBDIVISION WAS CONVEYED TO PAT MOTEL ASSOCIATES, L.C. FROM HAROLD GREENE AND JEAN GREENE BY DEED DATED MAY 11, 1995 AND RECORDED IN DEED BOOK 2699 AT PAGE 447 IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF NORFOLK, VIRGINIA.

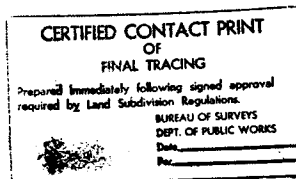
THE UNDERSIGNED CERTIFY THAT THE SUBDIVISION AS IT APPEARS ON THIS PLAT CONFORMS TO THE APPLICABLE REGULATIONS RELATING TO THE SUBDIVISION OF LAND AND IS ACCORDINGLY APPROVED.

BY SUCH APPROVAL, THE UNDERSIGNED DO NOT CERTIFY AS TO THE CORRECTNESS OF THE BOUNDARY, STREET, OR OTHER LINES SHOWN ON THIS PLAT.

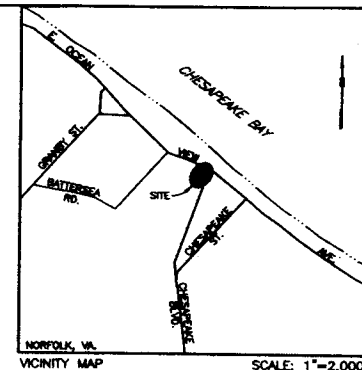
APPROVED: [Signature] DATE: 12/23/97
DEPT. OF PUBLIC WORKS, CITY OF NORFOLK, VIRGINIA

APPROVED: [Signature] DATE: 12/23/97
DEPT. OF CITY PLANNING AND CODES ADMINISTRATION,
CITY OF NORFOLK, VIRGINIA

APPROVED: [Signature] DATE: 12/23/97
DEPT. OF PUBLIC UTILITIES, CITY OF NORFOLK, VIRGINIA



STATE OF Virginia
CITY/COUNTY OF Virginia Beach, TO WIT:
I, Holly Ann Walsh, A NOTARY PUBLIC, IN AND FOR THE CITY AND STATED AFORESAID, DO HEREBY CERTIFY THAT [Signature] AND [Signature] TRUSTEE, WHOSE NAMES ARE SIGNED TO THE FOREGOING WRITING, BEARING DATE ON THE 19th DAY OF December 1997 HAVE ACKNOWLEDGED THE SAME BEFORE ME IN MY CITY AND STATE AFORESAID.
GIVEN UNDER MY HAND THIS 19th DAY OF December 1997.
Holly Ann Walsh
NOTARY PUBLIC
MY COMMISSION EXPIRES June 30, 2000



NOTES:

- REFERENCE NORTH IS TAKEN FROM THE VIRGINIA DEPARTMENT OF TRANSPORTATION PLANS FOR THE WIDENING OF CHESAPEAKE BLVD. PROJECT NUMBER 0194-122-103, SHEETS 6 & 7B.
- THE TOTAL AREA ENCOMPASSED WITHIN THIS SUBDIVISION = 148,450.91 SQ. FT. OR 3.4079 AC.
- PROPERTY APPEARS TO BE LOCATED IN FLOOD ZONE "C", AS SHOWN IN FEDERAL EMERGENCY MANAGEMENT FLOOD INSURANCE RATE MAP, PANEL 510104-0010-D FOR NORFOLK, VIRGINIA, DATED 4/17/84.
- PROPERTY IS ON TAX MAP 82 IN THE CITY OF NORFOLK, VA.
- THE CURRENT OWNER IS PAT MOTEL ASSOCIATES, L.C., D.B. 2699, PG. 447.
- PROPERTY IS SUBJECT TO A VIRGINIA ELECTRIC AND POWER CO. EASEMENT THE SIZE AND LOCATION SHOWN HEREON. DEED BOOK 2804, PAGE 171.
- A 40' x 60' CROSS RECIPROCAL INGRESS-EGRESS EASEMENT IS HEREBY DEDICATED FOR THE BENEFIT OF LOTS 1 AND 2.

LEGEND:

- IRON PIN (SET) □ CONC. MON. (SET) VA. DEPT. OF HIGHWAYS
- IRON PIN (FOUND) ■ CONC. MON. (FOUND) VA. DEPT. OF HIGHWAYS

I, ROBERT L. TALIAFERRO, A CERTIFIED LAND SURVEYOR DO HEREBY CERTIFY THAT THIS PLAT WAS MADE BY ME, THE UNDERSIGNED, AT THE DIRECTION OF THE OWNER, AND THAT THIS SUBDIVISION IS ENTIRELY WITHIN THE BOUNDARIES OF LAND COVERED BY DEED DESCRIBED HEREON, AND THAT STEEL PINS AS SPECIFIED BY THE SUBDIVISION REGULATIONS OF THE CITY OF NORFOLK, VIRGINIA ARE ACTUALLY IN PLACE AT POINTS MARKED THUS, "O", AND THAT THEIR LOCATIONS ARE CORRECTLY SHOWN.



M.B. 51 PG. 77 12-30-97

SUBDIVISION

OF

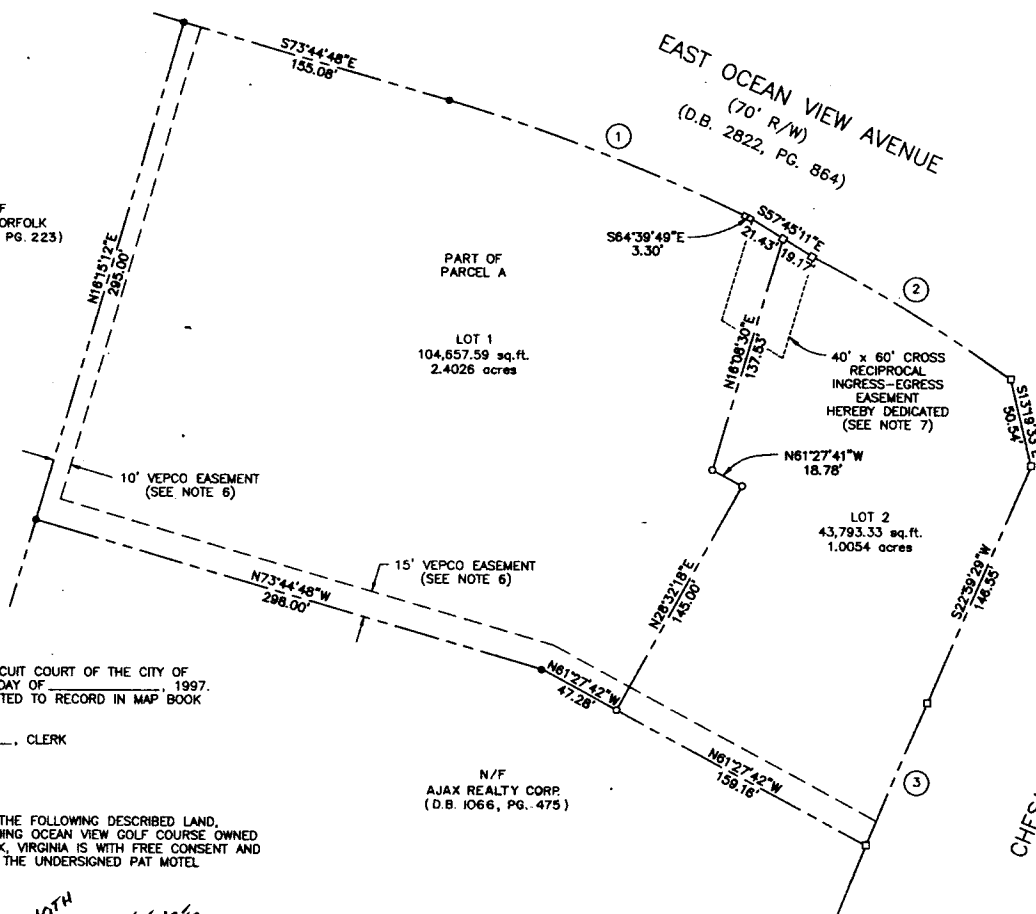
PART OF PARCEL "A"

PROPERTY ADJOINING THE OCEAN VIEW GOLF COURSE OWNED BY THE CITY OF NORFOLK, VA.

MAP BOOK 19, PAGE 55
OCEAN VIEW BOROUGH
NORFOLK, VIRGINIA

DATE: SEPT. 2, 1997 SCALE: 1"=50'
50 0 50 100
Scale feet

4574 P. 198



VIRGINIA:
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF NORFOLK, VIRGINIA ON THE _____ DAY OF _____, 1997.
THIS PLAT WAS RECEIVED AND ADMITTED TO RECORD IN MAP BOOK _____, AT PAGE _____, CLERK

THE PLATING OR DEDICATION OF THE FOLLOWING DESCRIBED LAND, PART OF PARCEL A, PROPERTY ADJOINING OCEAN VIEW GOLF COURSE OWNED BY CITY OF NORFOLK, VA. IN NORFOLK, VIRGINIA IS WITH FREE CONSENT AND IN ACCORDANCE WITH THE DESIRE OF THE UNDERSIGNED PAT MOTEL ASSOCIATES, L.C.

WITNESS THE FOLLOWING SIGNATURES THIS 19th DAY OF December, 1997.

SIGNED: [Signature]
OWNERS/PROPRIETORS/TRUSTEES

SIGNED: [Signature]
OWNERS/PROPRIETORS/TRUSTEES

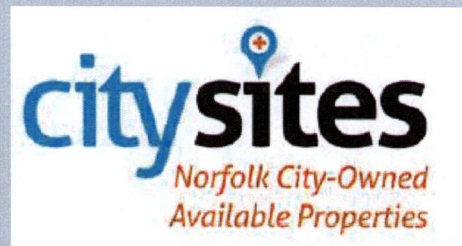
CURVE DATA

NO.	RADIUS	CENTRAL ANGLE	TANGENT	ARC LENGTH
1	1037.17'	09°51'17"	89.42'	178.39'
2	905.62'	06°21'05"	66.12'	132.00'
3	2908.88'	01°43'23"	43.74'	87.48'

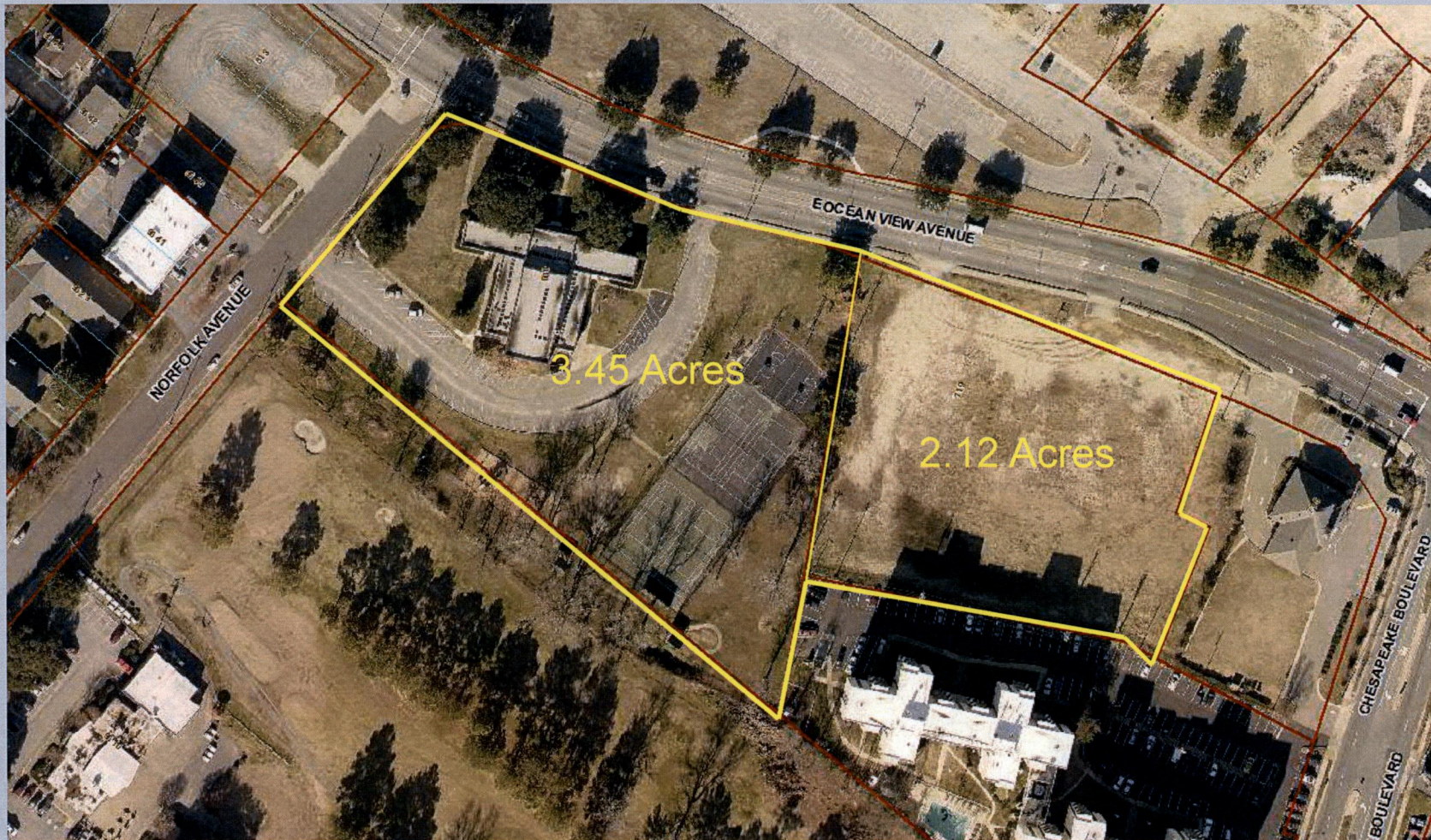
EXHIBIT B
Developer's Proposal

[SEE ATTACHED]

719 E. Ocean View Ave Redevelopment



Aerial View

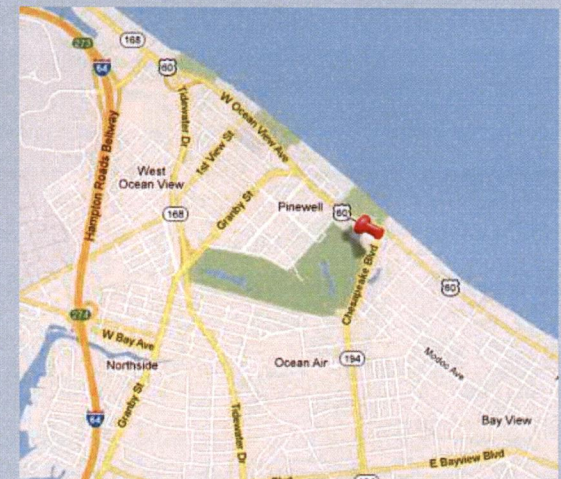
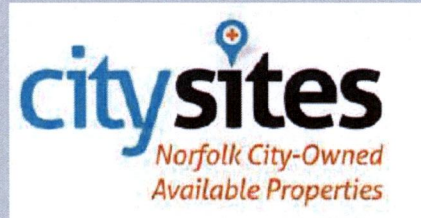


Property Views



Potential Economic Development/ Indirect Benefits of Redevelopment


- The City of Norfolk always strives to sell and develop property for the highest and best use. In most cases property may be sold in order to spur development of a particular location and/or to maximize the benefit to the City's tax rolls.
 - Would place the property back on the tax rolls.
 - Provide quality, affordable housing in Ocean View.
 - Provides additional support for existing and future commercial development in the area.



719 E. Ocean View Avenue



- Former Hotel Site (Ramada Inn) and current Senior Center Site.
- Current Zoning = C-2
- 5.57 acres
- Assessed Value as of July 1, 2013
 - **Land = \$4,100,600**
 - Improvements = \$754,800
 - Total = \$4,855,400



• Harrison Perrine/Robert Zirpoli

ZP DEVELOPMENT, INC.
844 First Colonial Road, Suite 205
Virginia Beach, VA 23451

May 6, 2013

Charles E. Rigney
Director of Development
City of Norfolk
900 E Main Street, Suite 1500
Norfolk, Virginia 23510

RE: REDEVELOPMENT OCEAN VIEW/PINEWELL NEIGHBORHOOD

Dear Mr. Rigney:

Please accept this letter as our letter of intent to purchase the referenced property. The Purchaser would be ZP Development, Inc., (the Purchaser).

1. PURCHASE PRICE

The purchase price for the property will be \$3,000,000.00. Said purchase price includes land, all improvements(s), together with all appurtenances and all leases and personal property associated with the real estate, all existing parking areas, and all existing vacant parcels, and is to be allocated between those items, at the reasonable discretion of the Purchaser.

2. CASH TO SELLER

Purchaser's consideration to Seller shall be cash in the amount of \$3,000,000.00.

3. TERMS OF PURCHASE

The Purchaser will close on the parcels in three stages. This purchase is contingent upon Purchaser's satisfactory inspections and due diligence studies.

4. PROPERTY

The property consists of two parcels which include a 2.1 acre parcel directly across the street from a City-owned community beach park and a 3.44 acre parcel that is the site of the Ocean View Senior Center.

5. SCOPE OF DEVELOPMENT

Development shall be a mixed use development and shall consist of 340-380 upscale apartment units contained in two separate structures along with a retail/office component of approximately twenty thousand square feet.

Zirpoli/Perrine (ZP) Development



- Local Developers who have developed subdivisions such as Eagles Nest, Rose Hall, Highland Acres, Estates on Lynnhaven and Inlet Fitness Center, in Virginia Beach and Cahoon Plantation in Chesapeake. Recent commercial development on Military Highway with Starbucks, AT&T and Mattress Firm. Architectural design elements will reflect an East Beach look. The complex will contain a pool and an exercise facility.
- Purchase Price for 5.568 acres: \$3,000,000
- Luxury Professional Apartments- 240-280 Units: One, Two, and Three Bedroom Units
- Approximately 20,000 square feet of retail/office
- Estimated \$450,000 in annual tax revenues
- Total Estimated Investment - \$40 million

EXHIBIT C
Phased Development Construction Schedule

[SEE ATTACHED]

City of Norfolk
Ocean View Properties, Inc.

Exhibit C

The construction of the phases will be built in accordance with Section 2.10 - Construction Schedule. The number of units for each phase are below.

Phase 1	Approximately 94 units / Leasing Activities
Phase 2	Approximately 93 units
Phase 3	Approximately 93 units
After 24 months	Completion of the project/Certificate of Completion